

Message Text

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PAGE 01 MADRID 05502 211353Z
ACTION SS-25

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P 211325Z JUL 77
FM AMEMBASSY MADRID
TO SECSTATE WASHDC PRIORITY 1109

C O N F I D E N T I A L MADRID 5502

STADIS////////////////////////////////

EXDIS

FOR UNDERSECRETARY HABIB, ASSISTANT SECRETARY VEST AND DALE
GOOD (S/IL) ONLY

E.O. 11652: GDS
TAGS: ELAB, SP
SUBJECT: ASSISTANCE TO THE UGT: DGB LOAN STILL STALLED

REF: MADRID 4171

1. THE DGB LOAN TO THE SOCIALIST UGT REMAINS STALLED, EVEN
THOUGH ELECTIONS ARE PAST (REFTEL). SPANISH BANKERS FROM
BANCO RURAL Y MEDITERRANEO (BANK THAT HANDLES BULK OF
FUNDS FROM THE NOW DISMANTLED OFFICIAL SYNDICAL ORGANIZATION)
HAVE TRAVELLED TO WEST GERMANY AND SUCCESSFULLY WORKED
OUT THE DETAILS OF THE DM 10 MILLION LOAN (NOW EQUIVALENT
SINCE THE DEVALUATION OF OVER PTAS. 360 MILLION RATHER THAN
THE EARLIER PTAS. 300 MILLION). WHAT REMAINS IS FOR THE
GOS TO SIGN THE GUARANTY ON THE LOAN AGAINST CONFISCATED
PROPERTIES TO BE RETURNED TO THE UGT.

2. UGT INTERNATIONAL SECRETARY MANUEL SIMON HAS TOLD US
THAT WHEN PSOE SEC GEN FELIPE GONZALEZ MET RECENTLY WITH
SUAREZ, HE REMINDED THE PRIME MINISTER OF THE OUTSTANDING
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UGT LOAN ISSUE. SUAREZ HAD ANSWERED THAT HE WAS AWARE
OF THE PROBLEM AND WOULD SPEAK ABOUT IT TO THE NEW MINISTER
OF LABOR, JIMENEZ DE PARGA (FORMER SYNDICAL RELATIONS
MINISTER DE LA MATA NOW BEING OUT OF THE PICTURE).
SUBSEQUENTLY, THE UGT ARRANGED A MEETING WITH JIMENEZ DE
PARGA JULY 13 TO DISCUSS THE LOAN, BUT AT THE LAST MOMENT
THE LABOR MINISTER CALLED THE MEETING OFF, GIVING AS AN

EXCUSE THAT HE HAD NOT HAD TIME ENOUGH TO EXAMINE THE MATTER.
THUS, SAID SIMON, WHEN THE DGB HAD CALLED HIM JULY 14-
MORE ANXIOUS THAN EVER TO CLOSE THE DEAL - HE HAD TO GIVE
THEM THE BAD NEWS THAT THE NEGOTIATIONS WITH THE GOS WERE
STILL HANGING FIRE.

3. THE UGT MET WITH THE LABOR MINISTER ON JULY 18 AT HIS
REQUEST. TO THEIR ANNOYANCE, JIMENEZ DE PARGA LIMITED
HIMSELF TO DISCUSSING THE GOVT'S ECONOMIC RECOVERY PROGRAM
AS IT WOULD AFFECT LABOR. WHEN SIMON FINALLY RAISED
THE LOAN ISSUE, JIMENEZ DE PARGA ACKNOWLEDGED THAT SUAREZ HAD
BRIEFED HIM ON THE MATTER AND THAT HE HAD IT "UNDER STUDY".
SIMON TOLD US JULY 20 THAT THEY WERE EXPECTING A CALL
MOMENTARILY FROM THE LABOR MINISTER TO PURSUE THE QUESTION
FURTHER.

4. COMMENT. FROM REMARKS MADE TO US BEFORE HE WAS
APPOINTED MINISTER OF LABOR, IT WOULD SEEM THAT JIMENEZ
DE PARGA WOULD PERSONALLY NOT LOOK ASKANCE AT DGB
ASSISTANCE TO THE UGT, BUT THE DECISION MUST OF COURSE
BE SUAREZ'. WITH THE ELECTIONS OVER AND THE PSOE FIRMLY
ENTRENCHED AS BY FAR THE STRONGEST OPPOSITION FORCE, IT
WOULD SEEM DIFFICULT FOR SUAREZ NOT TO ACCOMMODATE THE
UGT IN THIS MATTER AND THUS ASSIST IT TO STAND UP SUCCESS-
FULLY TO THE COMMUNIST WORKERS' COMMISSIONS. WE HEARD
FROM THE BASQUE STV ON JULY 15 THAT THE GOVERNMENT HAD ALSO
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BEEN STALLING ON SIGNING THE GUARANTY ON THE DGB LOAN
TO THE STV (MADRID 3451). STABLER

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Message Attributes

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